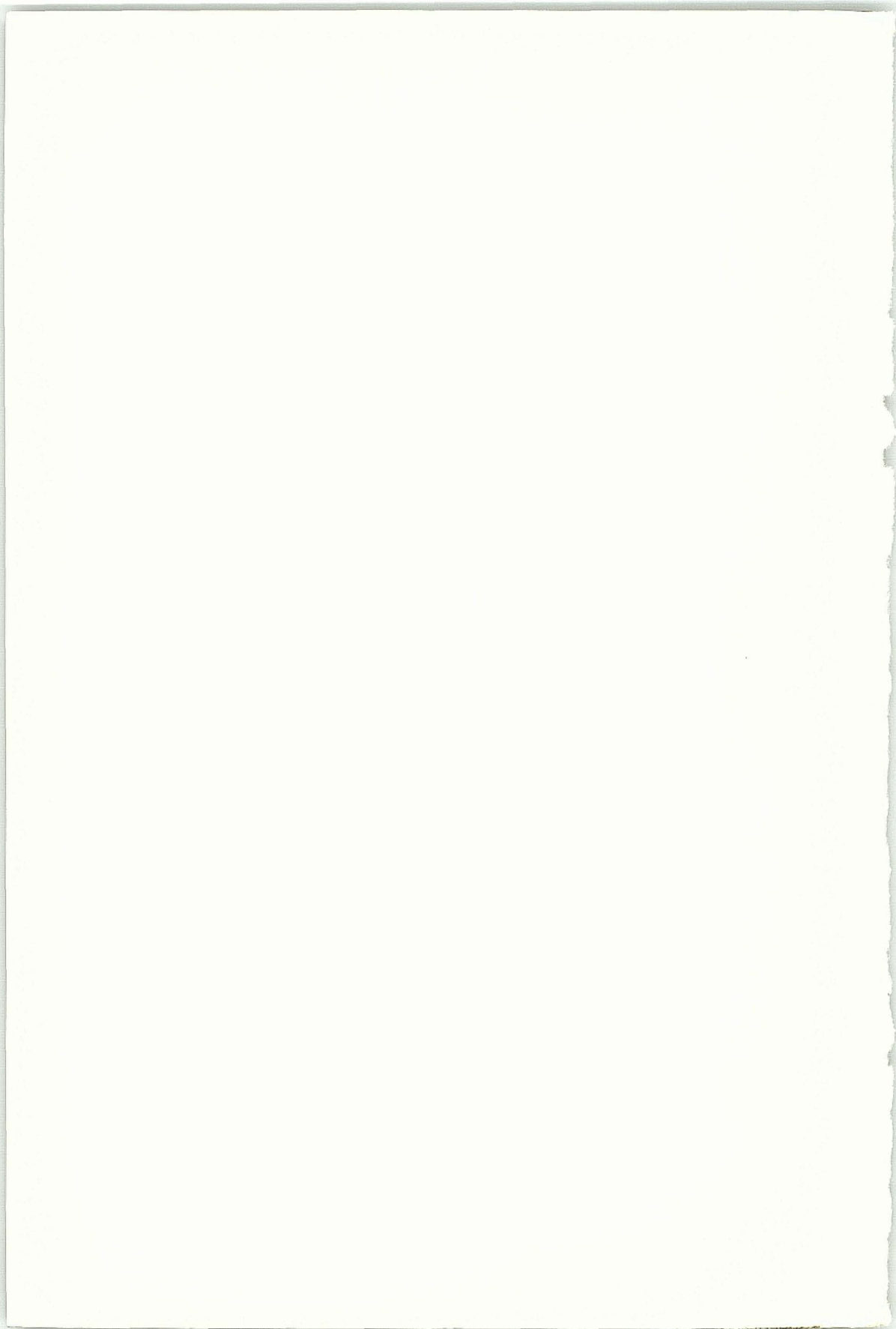


# *The Coca-Cola Company*

WILMINGTON, DELAWARE

1963

ANNUAL REPORT



# ANNUAL REPORT

THE COCA-COLA COMPANY  
AND SUBSIDIARIES

*FOR THE YEAR* 1963

## BOARD OF DIRECTORS

- A. A. Acklin, Atlanta, Ga.**  
*Retired. Former President, The Coca-Cola Company*
- J. Paul Austin, Atlanta, Ga.**  
*President, The Coca-Cola Company*
- C. H. Candler, Jr., Atlanta, Ga.**  
*President, Asa G. Candler, Inc.*
- William A. Coolidge, Cambridge, Mass.**  
*Director of Various Corporations*
- James A. Farley, New York, N. Y.**  
*Chairman, Board of Directors, The Coca-Cola Export Corporation*
- R. W. Freeman, New Orleans, La.**  
*President, The Louisiana Coca-Cola Bottling Company, Ltd.*
- Bernard F. Gimbel, New York, N. Y.**  
*Chairman, Board of Directors, Gimbel Brothers, Inc.*
- Lindsey Hopkins, Miami, Fla.**  
*Chairman, Board of Directors, Security Trust Company*
- Harrison Jones, Atlanta, Ga.**  
*Retired. Former Chairman,  
Board of Directors, The Coca-Cola Company*
- John T. Lupton, Chattanooga, Tenn.**  
*President, Dallas Coca-Cola Bottling Works  
and Houston Coca-Cola Bottling Company*
- B. H. Oehlert, Jr., Orlando, Fla.**  
*President, Minute Maid Company,  
a Division of The Coca-Cola Company,  
and Vice President, The Coca-Cola Company*
- William E. Robinson, Greenwich, Conn.**  
*Retired. Former President and Chairman,  
Board of Directors, The Coca-Cola Company*
- John A. Sibley, Atlanta, Ga.**  
*Honorary Chairman, Board of Directors,  
Trust Company of Georgia*
- Hughes Spalding, Atlanta, Ga.**  
*Attorney, member of firm of King & Spalding*
- Lee Talley, Atlanta, Ga.**  
*Chairman, Board of Directors, The Coca-Cola Company*
- Charles E. Thwaite, Jr., Atlanta, Ga.**  
*Chairman, Board of Directors, Trust Company of Georgia  
(Deceased January 31, 1964)*
- D. A. Turner, Columbus, Ga.**  
*Chairman, Boards of Directors, Columbus Bank &  
Trust Co. and W. C. Bradley Co.*
- George W. Woodruff, Atlanta, Ga.**  
*Director of Various Corporations*
- R. W. Woodruff, Atlanta, Ga.**  
*Chairman, Finance Committee, The Coca-Cola Company*

# THE COCA-COLA COMPANY

## OFFICERS

Lee Talley .....	<i>Chairman, Board of Directors</i>
J. Paul Austin .....	<i>President</i>
Edgar J. Forio .....	<i>Senior Vice President</i>
Charles W. Adams .....	<i>Vice President</i>
Ralph J. Barry .....	<i>Vice President</i>
Hunter S. Bell .....	<i>Vice President</i>
C. E. Boyd, Jr. ....	<i>Vice President</i>
George A. Callard .....	<i>Vice President</i>
Ovid R. Davis .....	<i>Vice President</i>
Fred W. Dickson .....	<i>Vice President</i>
Samuel N. Gardner .....	<i>Vice President</i>
Ralph H. Garrard .....	<i>Vice President</i>
C. W. Hodgson .....	<i>Vice President</i>
M. S. Hodgson, Jr. ....	<i>Vice President</i>
Thomas C. Law, Jr. ....	<i>Vice President</i>
George M. Lawson .....	<i>Vice President</i>
D. A. Leslie .....	<i>Vice President</i>
O. E. May .....	<i>Vice President</i>
B. H. Oehlert, Jr. ....	<i>Vice President</i>
C. A. Shillinglaw .....	<i>Vice President</i>
E. D. Sledge .....	<i>Vice President</i>
J. Lucian Smith .....	<i>Vice President</i>
John C. Staton .....	<i>Vice President</i>
John D. Goodloe .....	<i>General Counsel</i>
W. A. Boykin, Jr. ....	<i>Treasurer</i>
J. W. Jones .....	<i>Secretary</i>
Fillmore B. Eisenberg .....	<i>Controller</i>

## DIVISIONS OF THE COCA-COLA COMPANY

### MINUTE MAID COMPANY

B. H. Oehlert, Jr. ....	<i>President</i>
Walter A. Bonvie .....	<i>Vice President</i>
John H. Child .....	<i>Vice President</i>
Henry Cragg .....	<i>Vice President</i>
Robert Fey .....	<i>Vice President</i>
Paul R. Grey .....	<i>Vice President</i>
R. E. Hinton .....	<i>Vice President</i>
Joseph Hudson, Jr. ....	<i>Vice President</i>
B. M. Middlebrooks .....	<i>Vice President</i>
A. G. Munkelt .....	<i>Vice President</i>
John P. Roberts .....	<i>Vice President</i>
W. R. Roy .....	<i>Vice President</i>
H. W. Schwarz .....	<i>Vice President</i>
W. E. Speeler ..	<i>Vice President, Secretary and General Counsel</i>
John St. John .....	<i>Vice President</i>
A. J. Thurman .....	<i>Vice President</i>
John E. Nuckolls .....	<i>Treasurer</i>
George Borysewich .....	<i>Controller</i>

### TENCO

Edward Aborn .....	<i>President</i>
Dudley A. Tremble .....	<i>Executive Vice President</i>
Edward T. Down .....	<i>Vice President</i>
Albert P. Morrow .....	<i>Vice President</i>
George W. Peabody .....	<i>Vice President and Secretary</i>
Frank W. Bachmann .....	<i>Treasurer and Controller</i>

### FANTA BEVERAGE COMPANY

Thomas C. Law, Jr. ....	<i>President</i>
W. A. Boykin, Jr. ....	<i>Vice President</i>
Carl M. Jernigan .....	<i>Vice President</i>
Walter L. Susong .....	<i>Secretary</i>



## FOREIGN OPERATIONS

### THE COCA-COLA EXPORT CORPORATION

James A. Farley, New York, N. Y. ....	<i>Chairman, Board of Directors</i>
John R. Talley, New York, N. Y. ....	<i>President</i>
Max Keith, Essen, Germany ....	<i>Senior Vice President</i>
H. F. MacMillan, New York, N. Y. . .	<i>Senior Vice President and General Counsel</i>
H. B. Nicholson, Jr., Brussels, Belgium ....	<i>Senior Vice President</i>
R. M. Thomas, Nassau, Bahamas ....	<i>Senior Vice President</i>
J. H. Wilson, New York, N. Y. ....	<i>Senior Vice President and Treasurer</i>
J. R. Carpenter, Rio de Janeiro, Brazil ....	<i>Vice President</i>
M. H. Farnsworth, Buenos Aires, Argentina ....	<i>Vice President</i>
K. B. Graf, Brussels, Belgium ....	<i>Vice President</i>
I. Graul, Rome, Italy ....	<i>Vice President</i>
R. L. Gunnels, New York, N. Y. ....	<i>Vice President</i>
C. M. Halle, Essen, Germany ....	<i>Vice President</i>
F. W. Harrold, New York, N. Y. ....	<i>Vice President</i>
V. G. Hoppers, Beirut, Lebanon ....	<i>Vice President</i>
Oel Johnson, New York, N. Y. ....	<i>Vice President</i>
A. E. Killeen, Johannesburg, South Africa ....	<i>Vice President</i>
A. Makinsky, Paris, France ....	<i>Vice President</i>
J. W. Rintelen, New York, N. Y. ....	<i>Vice President</i>
W. H. Roberts, Tokyo, Japan ....	<i>Vice President</i>
J. B. Sherwood, Miami, Florida ....	<i>Vice President</i>
D. G. Sisler, Lima, Peru ....	<i>Vice President</i>
J. H. Smit, New York, N. Y. ....	<i>Vice President</i>
W. O. Solms, Mexico City, Mexico ....	<i>Vice President</i>
C. P. Stephens, New York, N. Y. ....	<i>Vice President</i>
H. F. Wilds, Jr., Sydney, Australia ....	<i>Vice President</i>
A. S. Williams, London, England ....	<i>Vice President</i>
R. C. Munsche, New York, N. Y. ....	<i>Secretary</i>
T. M. Bainbridge, New York, N. Y. ....	<i>Controller</i>

### COCA-COLA LTD. (CANADA)

J. Paul Austin ....	<i>Chairman, Board of Directors</i>	
R. E. Sewell ....	<i>President</i>	G. J. Leonidas .... <i>Vice President</i>
F. G. Allen ....	<i>Vice President</i>	G. Pelletier .... <i>Vice President</i>
E. W. Grant ....	<i>Vice President</i>	W. F. Sherer .... <i>Vice President</i>
E. T. Griffith ....	<i>Vice President</i>	C. W. I. Jackson .... <i>Treasurer</i>
L. M. Hunter ....	<i>Vice President</i>	A. B. Ballentine .... <i>Secretary</i>

# LETTER TO STOCKHOLDERS

MARCH 4, 1964

In 1963, higher records in sales and earnings were established in both our domestic and foreign business. Consolidated net profit, after reserves, taxes, and all other charges, was \$52,388,186, or \$3.78 per share. This compares with \$46,736,395 or \$3.38 per share in 1962.

All segments of our operation contributed to this result. Sales of Coca-Cola show a gratifying increase over the preceding year. Sales in the past year of our newer products—Fanta, Sprite, and Tab—approximated the total annual volume of our Company in the early thirties. Notable progress was made also by our Minute Maid and Tenco Divisions.

The acquisition by merger of Duncan Foods Co. of Houston, Texas, will be submitted for the approval of our stockholders at their annual meeting on May 4. Duncan Foods Co. produces and markets high quality brands of roasted coffee, including "Butter-Nut," "Maryland Club," "Fleetwood," "Admiration," and "Gourmet Mocha Java," in the Southeast, Southwest, Midwest, and Far West. Duncan's sales currently approximate \$95,000,000 per annum. If approved, the association of this fine company with ours will, we believe, be a further forward step in the progress of both.

Our exhibit building now nearing completion on the grounds of the New York World's Fair will be an impressive feature of that exposition and a center of hospitality for our stockholders, their families and friends.

We note, with deep regret, the passing, on January 31, 1964, of Mr. Charles E. Thwaite, Jr., Chairman of the Board of Trust Company of Georgia, Atlanta. Mr. Thwaite became a member of our Board of Directors in March, 1962, and a member of its Finance Committee in May of the same year. We shall miss him greatly.

The consolidated balance sheet and statements of profit and loss and of earned surplus will be found in this report. A separate mailing will contain proxy forms and notice of the annual meeting of stockholders at 11:00 a.m., Eastern Daylight Time, on Monday, May 4, 1964, at the office of the Company, 100 West Tenth Street, Wilmington, Delaware.

*For the Board of Directors*

  
Chairman

  
President



# THE COCA-COLA COMPANY AND SUBSIDIARIES

YEARS ENDED DECEMBER 31, 1963 AND 1962

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	1963	1962
Net sales . . . . .	\$637,424,475	\$567,687,256
Cost of goods sold . . . . .	<u>329,261,473</u>	<u>288,035,973</u>
GROSS PROFIT . . . . .	\$308,163,002	\$279,651,283
Selling, administrative and general expenses . . . . .	<u>188,831,745</u>	<u>172,874,645</u>
OPERATING PROFIT . . . . .	\$119,331,257	\$106,776,638
Other income . . . . .	<u>5,310,954</u>	<u>4,852,551</u>
	\$124,642,211	\$111,629,189
Less other deductions . . . . .	<u>8,976,025</u>	<u>9,637,794</u>
PROFIT BEFORE TAXES ON INCOME . . . . .	\$115,666,186	\$101,991,395
Provision for taxes on income . . . . .	<u>63,278,000</u>	<u>55,255,000</u>
NET PROFIT . . . . .	<u>\$ 52,388,186</u>	<u>\$ 46,736,395</u>

## CONSOLIDATED STATEMENT OF EARNED SURPLUS

	1963	1962
Balance at January 1 . . . . .	\$232,463,648	\$218,896,719
Net profit for the year . . . . .	<u>52,388,186</u>	<u>46,736,395</u>
	\$284,851,834	\$265,633,114
Dividends paid in cash (per share —		
\$2.70 for 1963; \$2.40 for 1962) . . . . .	<u>37,471,214</u>	<u>33,169,466</u>
BALANCE AT DECEMBER 31 . . . . .	<u>\$247,380,620</u>	<u>\$232,463,648</u>

See Notes to Financial Statements

# CONSOLIDATED

## The Coca-Cola Company and

ASSETS		
CURRENT:	1963	1962
Cash . . . . .	\$ 46,896,506	\$ 37,106,919
U.S. Government and other marketable securities — at cost (market price — 1963, \$44,975,161; 1962, \$47,490,666) . . . . .	44,811,683	47,399,092
Trade accounts receivable (less allowance — 1963, \$739,270; 1962, \$672,820) . . . . .	38,129,382	37,510,441
Inventories . . . . .	99,587,931	84,934,682
Prepaid expenses . . . . .	<u>7,433,898</u>	<u>7,180,918</u>
TOTAL CURRENT ASSETS . . . . .	<u>\$236,859,400</u>	<u>\$214,132,052</u>
MISCELLANEOUS INVESTMENTS AND OTHER ASSETS . . . . .	<u>\$ 20,108,487</u>	<u>\$ 22,027,525</u>
PROPERTY, PLANT AND EQUIPMENT:		
At cost:		
Land and improvements . . . . .	\$ 29,488,135	\$ 27,095,043
Buildings . . . . .	75,232,090	68,705,398
Machinery and equipment . . . . .	143,404,728	130,172,653
Containers . . . . .	<u>18,100,413</u>	<u>15,981,903</u>
	\$266,225,366	\$241,954,997
Less allowance for depreciation . . . . .	<u>106,952,049</u>	<u>96,827,394</u>
	<u>\$159,273,317</u>	<u>\$145,127,603</u>
FORMULAE, TRADE-MARKS AND GOODWILL— at cost . . . . .	<u>\$ 43,150,453</u>	<u>\$ 42,835,599</u>
	<u><u>\$459,391,657</u></u>	<u><u>\$424,122,779</u></u>

# BALANCE SHEET

Subsidiaries - December 31, 1963 and 1962

## LIABILITIES

CURRENT:	1963	1962
Notes payable . . . . .	\$ 1,818,032	\$ 930,533
Current maturities of long-term debt . . . . .	1,910,267	7,018,560
Accounts payable and accrued accounts . . . . .	<u>52,163,739</u>	<u>41,604,803</u>
	<u>\$ 55,892,038</u>	<u>\$ 49,553,896</u>
Accrued taxes — including taxes on income . . . . .	\$ 53,220,969	\$ 49,107,740
Less U.S. Government securities for payment of income taxes . . . . .	<u>23,830,321</u>	<u>27,832,816</u>
	<u>\$ 29,390,648</u>	<u>\$ 21,274,924</u>
TOTAL CURRENT LIABILITIES . . . . .	<u>\$ 85,282,686</u>	<u>\$ 70,828,820</u>
LONG-TERM DEBT . . . . .	<u>\$ 4,437,874</u>	<u>\$ 6,573,647</u>
RESERVE FOR UNREMITTED FOREIGN PROFITS . . . . .	<u>\$ 66,445,638</u>	<u>\$ 61,391,928</u>
CAPITAL STOCK AND SURPLUS:		
Common stock — no par value; authorized 15,000,000 shares; (issued 1963, 13,953,745 shares; 1962, 13,904,654 shares) . . . . .	\$ 50,791,446	\$ 50,613,463
Capital surplus . . . . .	10,129,215	8,146,893
Earned surplus . . . . .	<u>247,380,620</u>	<u>232,463,648</u>
	<u>\$308,301,281</u>	<u>\$291,224,004</u>
Less shares of stock held in treasury — at cost (57,325 shares for 1963; 68,410 shares for 1962) . . . . .	<u>5,075,822</u>	<u>5,895,620</u>
	<u>\$303,225,459</u>	<u>\$285,328,384</u>
	<u>\$459,391,657</u>	<u>\$424,122,779</u>

## NOTES TO 1963 FINANCIAL STATEMENTS

**1. Foreign Operations.** The consolidated balance sheet includes the following amounts with respect to subsidiaries and branches operating in foreign countries: Current assets, \$81,047,906 (including cash and securities totaling \$45,882,063); property, plant and equipment at depreciated cost, \$56,369,609; other assets, \$7,888,723; and liabilities, \$42,595,491. Property accounts have been converted at rates of exchange prevailing at dates of acquisition and all other assets and liabilities at approximate rates of exchange prevailing at December 31, 1963.

It is the established policy of the Company to include in consolidated net profit the entire net profit of the Canadian subsidiaries, but to include the net profit of other foreign subsidiaries only to the extent such profits have been remitted to the Company. Accordingly, the other deductions account includes a provision for unremitted foreign profits in the amount of \$5,053,710, representing foreign profits earned but not remitted in 1963.

**2. Inventories** are stated at the lower of cost (average or first-in, first-out method) or market except that inventories of certain major citrus concentrate products are stated at the lower of cost (last-in, first-out method) or market.

**3. Long-Term Debt** (exclusive of current maturities) consists of mortgages, principally on grove properties at 5% payable in installments through 1982.

**4. Capital Stock.** Options are held by officers and employees of the Company and its subsidiaries to purchase shares of the Company's common stock at prices ranging from \$39.3958 to \$95.8750 per share. Further information relating to the outstanding options is as follows: Options outstanding at January 1, 1963, 225,086 shares; options granted during the year, 6,400 shares; options exercised during the year, 50,886 shares; options cancelled during the year through death, retirement or resignation, 2,742 shares; options outstanding at December 31, 1963, 177,858 shares; options exercisable at December 31, 1963, 42,350 shares.

**5. Depreciation.** Provision for depreciation in the amount of \$15,660,993 was charged to manufacturing and other expenses.

**6. Proposed Merger.** On January 27, 1964 the Company entered into a merger agreement with Duncan Foods Co., roasters and distributors of several well-known regional brands of coffee. It is proposed that approximately 257,000 shares of authorized and unissued Common Stock of The Coca-Cola Company will be issued in exchange for all the stock of the Duncan Foods Co., the exchange to be effected on the basis of 1 share of stock of The Coca-Cola Company for 5½ shares of stock of Duncan Foods Co. This merger is subject to approval by the stockholders of The Coca-Cola Company at their regular meeting on May 4, 1964, and by the stockholders of Duncan Foods Co. at their meeting on May 1, 1964.



## ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS  
THE COCA-COLA COMPANY  
WILMINGTON, DELAWARE

We have examined the consolidated financial statements of The Coca-Cola Company and subsidiaries as of December 31, 1963. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1963, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

*Atlanta, Georgia*  
*February 28, 1964*



## TRANSFER AGENTS

Wilmington Trust Company  
*Wilmington, Delaware*

Morgan Guaranty Trust Company of New York  
*New York, New York*

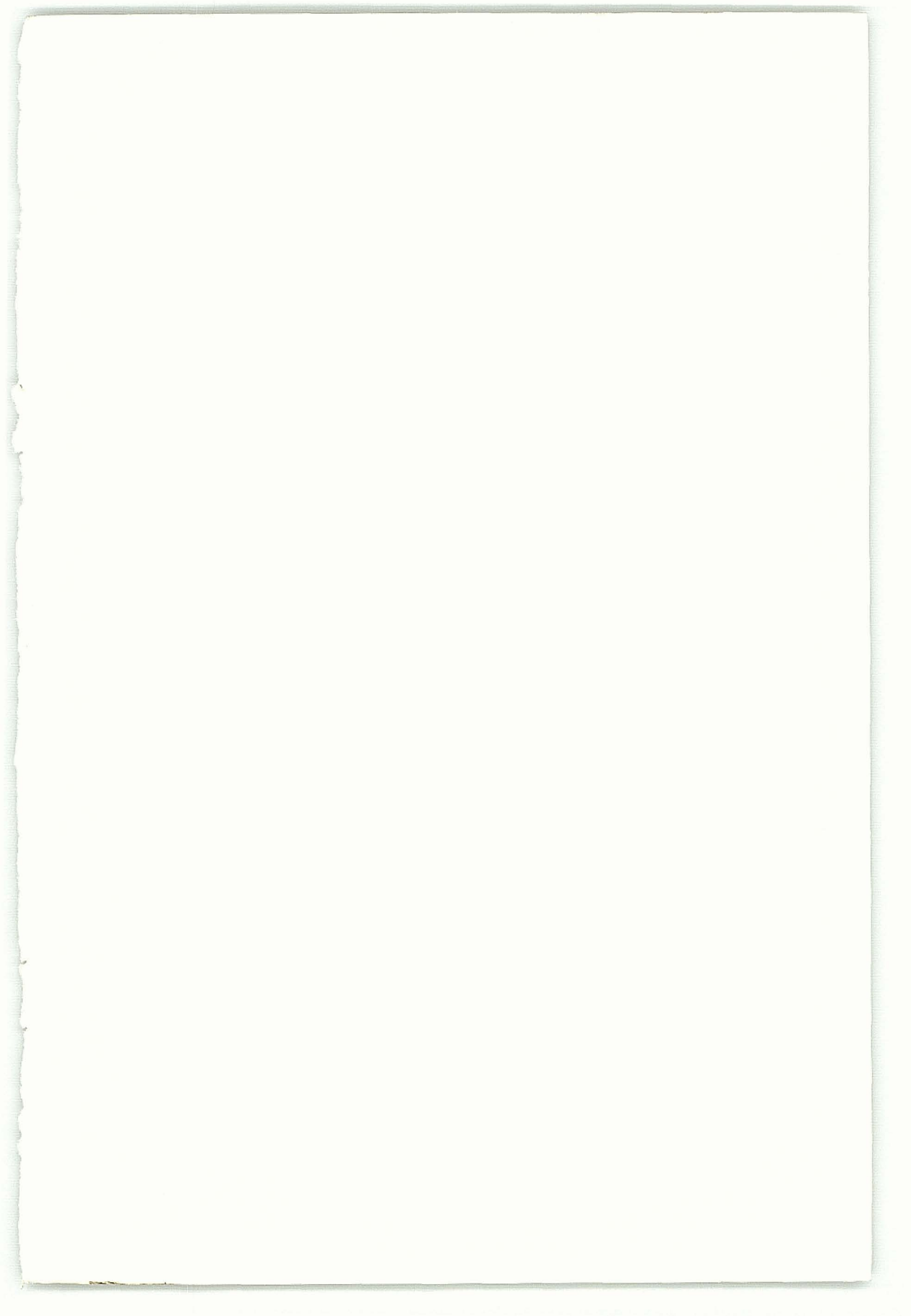
Trust Company of Georgia  
*Atlanta, Georgia*

## REGISTRARS

Bank of Delaware  
*Wilmington, Delaware*

The Chase Manhattan Bank  
*New York, New York*

The First National Bank of Atlanta  
*Atlanta, Georgia*



things go  
better  
with  
Coke

